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# Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00
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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 9405

UNCLAS KINGSTON 0550

E.O. 11652: N/A
TAGS: ECON, EMIN, ETRD, JM
SUBJECT: LOCAL CEMENT PLANT CUTS PRODUCTION

REF: 75 KINGSTON A-226

1. AS THE JAMAICAN CONSTRUCTION INDUSTRY CONTINUES IN A SLUMP AND THE DEMAND FOR CEMENT HAS REMAINED SLUGGISH, THE CARIBBEAN CEMENT COMPANY, THE ISLAND'S ONLY PRODUCER OF PORTLAND CEMENT, HAS DECIDED TO CUT OUTPUT DURING 1978. ACTING GENERAL MANAGER MILTON RAINFORD HAS TOLD THE LOCAL PRESS THAT THE COMPANY FOR ECONOMIC REASONS, HAS DECIDED TO DRAW ON INVENTORY AND REDUCE PRODUCTION. THERE IS NO MOVE TO REDUCE THE 400 MEN WORK FORCE.

2. DESPITE THE DECLINE IN DEMAND, THE COMPANY HAD BEEN BUILDING UP ITS INVENTORY OF CLINKER AND IN JUNE LAST YEAR THIS STOCKPILE HAD REACHED 75,000 TONS. NORMALLY MONTHLY INVENTORY AMOUNTS TO BETWEEN 30,000 AND 40,000 TONS. THE JUNE STOCKPILE HAS NOW BEEN REDUCED TO 32,000 TONS AND WILL BE DRAWN DOWN FURTHER.

3. SALES OF CEMENT FOR 1977 AMOUNTED TO 321,000 TONS
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COMPARED WITH 359,000 FOR 1976 AND 424,000 FOR 1975. THE 1977 SALES INCLUDED 7,000 TONS IN EXPORTS. THIS MARGINAL QUANTITY OF EXPORTS IS DUE MAINLY TO THE LACK OF STORAGE SPACE AT THE COMPANY. ACCORDING TO MR. RAINFORD, A SERIOUS EXPORT DRIVE COULD ONLY BE CONSIDERED WITH THE BUILDING OF NEW SILOS. TWO YEARS AGO, THE COMPANY HAD TO DISMANTLE ITS SILOS BECAUSE OF FAULTY CONSTRUCTION AND

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THE CONSEQUENT THREAT TO MOTORISTS USING THE MAIN HIGHWAY
FROM KINGSTON TO THE EASTERN PART OF JAMAICA.

4. AT ONE TIME THE COMPANY HAD STARTED WORK ON EXPANDING
THE CAPACITY OF THE PLANT FROM 400,000 TONS TO 800,000
TONS ANNUALLY. BUT THIS HAS BEEN ABANDONED DUE TO
VIOLENCE AT THE WORK-SITE AND INABILITY TO RAISE ADDITIONAL
LOANS FOR COMPLETING THE PROJECT. (SEE REFTEL).

5. COMMENT: SINCE THE CONSTRUCTION OF ANOTHER 500,000-
TON CAPACITY CEMENT PLANT IS BEING PLANNED WITH
SOVIET ASSISTANCE (SEE KINGSTON 7227 OF DECEMBER 77),
JAMAICA SHOULD HAVE MORE THAN AMPLE CEMENT PRODUCTION CAPACITY
TO MEET ITS REQUIREMENTS IN THE FORESEEABLE FUTURE.
THE 1977 DECLINE OF CEMENT PRODUCTION REFLECTS THE
STAGNATION OF THE CONSTRUCTION INDUSTRY, WHICH IN TURN
IS RELATED TO THE DEVELOPMENT OF EXCESS CAPACITY IN THE
TOURISM INDUSTRY, FEAR OF VIOLENCE AT CONSTRUCTION SITES,
A GENERAL PROFIT SQUEEZE, THE CLIMATE OF UNCERTAINTY
IN THE PRIVATE SECTOR AND THE CUTBACK IN PUBLIC EXPENDITURES
RELATED TO BUDGETARY CONSTRAINTS.
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# Message Attributes

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